

Signature of Quality



Ghazi Fabrics International Limited



Annual Report

2019

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COMPANY PROFILE

Board of directors

Mrs.Azra Yasmin (Non Executive Director)

Chairperson

Mohammad Arshad Chaudhry (Executive Director)

Chief Executive / Director

Kamran Arshad (Executive Director)

Rizwan Arshad (Non Executive Director)

Muhammad Salman Tariq (Non Executive Director)

Wajeeha Haaris (Non Executive Director)

Muhammad Imran Rasheed (Independent Director)

Audit Committee

Mohammad Imran Rasheed

Chairman/ member

Rizwan Arshad

Member

Muhammad Salman Tariq

Member

Human Resource & Remuneration Committee

Muhammad Imran Rasheed

Chairman / member

Mrs.Azra Yasmin

Member

Wajeeha Haaris

Member

Company Secretary

Majid Rehman,ACA

Chief Financial Officer

Abid Rafi

Internal Auditor

Nasir Imran Elahi,ACA

Auditors

M/s.Qadeer & Company

Chartered Accountants

Lahore.

Share registrar

M/s. Corplink (Pvt.) Ltd.Wings Arcade, I-K,

Commercial, Model Town, Lahore

Legal Advisor

Raja Muhammad Akram & Co.,

Corporate Legal Consultants & Advocates

33-C, Main Gulberg, Lahore

Bankers

United Bank Limited

Habib Bank Limited

Registered Office

8-C, E-III, Gulberg-III, Lahore – 54660

042-35764026-28, Fax: 042-35764032

www.ghazifabrics.com

Mills

46- K. M. Multan Road, Bhaipheru, Distt.

Kasur.

VISION AND MISSION STATEMENT

VISION STATEMENT

A modern dynamic industrial unit, which is a true model of socially responsible and professionally managed successful business enterprise.

MISSION STATEMENT

Ghazi Fabrics International Ltd., strives to excel in the global competitive environment as the most progressive and quality-oriented company in terms of industry benchmarks, profitability and stake holders interest. To realize our mission, we firmly believe in continuous process of balancing, modernization and replacement of our technology; commitment in developing innovative products, services and human resources; and the betterment of all those involved directly or indirectly with the company.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

It is a strong belief of the management of the Company that a clear vision, a positive mission and fully spelled out code of ethics and business practices is a pre-requisite to good corporate governance.

Therefore, the Company in addition to the adherence of its mission statement shall observe the compliance of the following codes of ethics and best business practices.

I. ETHICS

Discipline

It shall be the joint and several responsibility of management and every employee of the company to maintain the discipline in the Company.

Coordination among staff

The management shall provide a conducive environment for the effective coordination among the members of the staff and management.

Conflict of interest

Management and employees of the Company are hereby committed not to engage in any activity which is against the interest of the Company. Staff members shall not conduct any personal business in the Company premises and with the use of facilities provided by the Company for official use. If any employee has a direct or indirect relationship with any organization dealing with the Company he should disclose it immediately to the Company.

Confidentiality

Management and employees of the Company are hereby committed to the confidentiality of the business information to the outsider of the Company unless it is required by a competent authority having jurisdiction to the affairs of the Company. Even if they leave the Company shall not loose the confidentiality of Company secrets.

Kick Backs/ Undue favour or unwarranted gifts

Neither employees nor member of the board of directors shall accept any personal gift, favour or kick backs from any organization dealing with the Company. In case this favour is considered to be for the purpose of the Company the same should be disclosed to the management of the Company immediately.

2. BUSINESS PRACTICES

Environment

i) Pollution free environment

The Company shall not engage in any business or production process, which does not meet the international standards of environment protection.

ii) Drugs free environment

The use of drugs shall be strictly banned in the premises of the Company and employment should not be given to any person apparently engaged in the trafficking of drugs or appears to be an addict of drugs.

Health and safety

Health and safety of all the staff and employees particularly and of the society in general is a great concern for the management of the Company and therefore the management of the Company shall take every measure to protect the health and safety of its employees.

Commitment

A bi-lateral commitment with the employees, management, shareholders, suppliers and customers shall be of prime importance in every instance. All the management and employee of the Company shall not make any commitment, the compliance of which is beyond their control and if they commit, every effort shall be made to fulfill the commitment.

Financial discipline and books of accounts

Compliance with all the approved accounting standards applicable in Pakistan and requirements of the Companies Act 2017, rules and procedures shall be followed at all time. All transactions if duly authorized shall be properly and fully recorded. All the payments made shall be for the purpose of the business of the Company. Books of accounts shall reflect a true and fair position of all the assets, liabilities and funds. Company shall maintain the integrity and reputation of the Company.

Relationship with Govt. Officials, Suppliers, Customers and Agents

Only the concerned and knowledgeable members of the relevant field of the Company shall conduct dealing with Govt. officials, suppliers, customers and agents. The dealing members shall always maintain the integrity and reputation of the Company.

Training

Training of the employees shall be an important part of business practices. The management shall take steps that training of every employee is ensured from his joining to the retirement.

Child / forced labour

Policy of the Company is not to employ child labour or forced labour directly or indirectly.

Equality policy

There is absolutely no discrimination in the Company on the basis of race, caste, national origin, religion, disability, gender or political affiliation. Corporal punishment, mental or physical coercion and verbal abuse of workers is strictly forbidden.

The management of the Company shall ensure implementation of these codes, regular monitoring, review for modification/ amendment where necessary.

NOTICE OF 30th ANNUAL GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of **GHAZI FABRICS INTERNATIONAL LIMITED** will be held on Monday the October 28, 2019 at 10:30 a.m. at Qasr-e-Zauk, 1-E-3- Gulberg-III, Lahore to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of 29th Annual General Meeting of the Company held on Saturday October 27, 2018.
2. To receive, consider and adopt the audited financial statement of the Company for the financial year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon...
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present auditors M/s. Qadeer & Company, Chartered Accountants, being eligible have offered themselves for reappointment. The Audit Committee and Board of Directors have also recommended M/s. Qadeer & Co., Chartered Accountants for re-appointment.
4. To transact any other ordinary business with the permission of the Chair.

by order of the Board

LAHORE:
October 07, 2019.

(Majid Rehman)
Company Secretary

NOTES:-

- I. Share Transfer Books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive).
- II. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her. Proxy Forms must be deposited at the Company's Registered Office situated at 8-C, E-III, GULBERG-III, LAHORE not less than 48 hours before the time for holding the meeting.
- III. Shareholders whose shares are deposited with CDC must bring their Original Computerized National Identity Card or Passport alongwith Participant's ID number and their account number at the time of attending the meeting to prove identity and in case of proxy must enclose an attested copy of CNIC. Representatives of Corporate Members should bring the usual documents required for this purpose.
- IV. Members are requested to provide by fax or courier their latest Computerized National Identity Card Number or in case of foreigner the Passport Number (unless it has been provided earlier) to enable the Company comply with relevant laws.
- V. Shareholders are requested to promptly notify to Share registrar of the Company of any change in their addresses.
- VI. Members can also avail video conference facility. In this regard, please fill the following form and submit to registered address of the company 10 days before holding of the Annual General Meeting.

If the company receives consent from member holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date

of meeting, the company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

“I/WE, _____ of _____ being a member of Ghazi Fabrics International Limited, holder of _____ Ordinary Shares as per Register Folio No. _____ hereby opt for video conference facility at _____”

Signature of Member

VII. In pursuance of the directions given by SECP vide SRO 787 (1)/ 2014 dated 8th September 2014, those shareholders who desire to receive Annual Financial Statement in future through Email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.ghazifabrics.com and send the said form duly filed in and signed along with copy of his/her/its CNIC/Passport to the Company's registered address.

CHAIRPERSON'S REVIEW

I am pleased to welcome you to the 30th Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Statements of Accounts for the year ended 30th June 2019 along with my review on the performance of your Company.

Evaluation of Board

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Ghazi Fabrics International Limited is carried out. The objective of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of goals set for the Company.

For the financial year ended June 30, 2019, the Board overall performance and effectiveness has been assessed as satisfactory. The Board also identified areas of improvement in line with the best practices.

Board received wide-ranging agendas and supporting papers in a timely manner for its Board meetings. The Board was fully involved in the strategic planning process and in developing the vision for the Company. All Directors, including Independent Directors, fully took part in and made contributions to the decision-making process of the Board. Board has in place comprehensive policies for all relevant areas of the Company's operation and these policies are reviewed and updated from time to time.

The Audit Committee and Human Resource & Remuneration committee met regularly to fortify the functions of the board.

The company has an independent Internal Audit department, which leads the Internal Audit function and follows a risk based Audit methodology. Audit reports are presented to the Board for review and actions where necessary.

Production

Production activities were effectively planned and adjusted to cater to the market demand both in terms of quantity and quality. Stress on quality control at all stages of production processes was implemented with great vigor for further strengthening quality standards of the products of your Company.

Sales

Net sale revenue of the Company was recorded at Rs. 5.418 billion as compared to Rs. 3.797 billion previous year.

Profitability

Gross profit for the year under review improved from Rs. 225.657 million to Rs. 384.809 million up by 70.53% due to better management and improved margins. Gross profit ratio increased from 5.94% to 7.10% of Net Sale Value.

Selling and distribution expenses reduced by 18% from Rs. 104.861 million to Rs. 85.928 million. Administration and general expenses increased by 0.06% from Rs. 114.999 million to Rs. 115.071 million. Financial cost increased by 21% from Rs. 120.029 million to Rs. 145.033 million. Operating profit increased from Rs. 18.328 million to Rs. 206.984 million.

Acknowledgement

In the closing, on behalf of the Board, I wish to acknowledge the contribution of all our employees towards the Company. I would like to thank our shareholders, bankers, customers, suppliers and other business partners for their confidence and support.

Mrs. Azra Yasmin
Chairperson

Dated: September 30, 2019

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چیر پرسز ریویو

چیر پرسز کا جائزہ:

میں آپ کی کمپنی کے 30 ویں سالانہ جنرل اجلاس میں آپ کو خوش آمدید کہتی ہوں۔ میں اپنی اور موجودہ بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی مجموعی کارکردگی برائے سال 30 جون 2019ء اور آڈیٹڈ اکاؤنٹس کا جائزہ پیش کر رہی ہوں۔

بورڈ کی تشخیص:

غازی فیکٹریز کس انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی کارکردگی کا سالانہ جائزہ کوڈ آف کارپوریٹ گورننس کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو ادارے کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون 2019 کے لئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بورڈ نے خود تشخیصی کے ذریعہ بہترین معلومات کے مطابق ان چیزوں کی نشاندہی کی، جہاں بہتری کی گنجائش ہے۔

بورڈ کو اپنی بروقت میٹنگز میں جامع ایجنڈا اور مطلوبہ مواد موصول ہوئے۔ بورڈ حکمت عملی کی پلاننگ کے عمل اور ادارے کے نظریہ کے حصول میں مکمل طور پر شامل رہا۔ تمام ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز نے فیصلہ سازی کے عمل میں بھی حصہ لیا۔ بورڈ نے ادارے کے تمام شعبہ جات میں جامع طریقہ کار پیش کیے ہیں جن کا وقتاً فوقتاً جائزہ لیا جاتا ہے اور ان کو بہتر بنایا جاتا ہے۔

آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریوژنیشن کمیٹی بورڈ کے امور کی موثر انجام دہی کیلئے باقاعدگی سے میٹنگ کرتی رہی ہے۔

کمپنی کا اپنا خود مختار انٹرنل آڈٹ ڈیپارٹمنٹ ہے جو اندرونی آڈٹ کے امور انجام دیتا ہے اور رسک پڑنی آڈٹ کے طریقہ کار کی پیروی کرتا ہے۔ آڈٹ رپورٹیں بورڈ کو جائزے اور حسب ضرورت کارروائی کیلئے بھیجی جاتی ہیں۔

پروڈکشن: پیداواری سرگرمیوں کی موثر طریقے سے منصوبہ بندی کی گئی ہے اور اسے طلب اور رسد کے مطابق بنایا گیا ہے اور پیداوار کے تمام مراحل پر معیار کے کنٹرول پر بھرپور طریقے سے عمل درآمد ہوا ہے۔

سیلز: آپ کی کمپنی کی نیٹ سیلز آمدنی 5.418 بلین روپے رہی جو کہ پچھلے سال 3.797 بلین روپے رہی۔

منافع: خام مجموعی منافع 225.657 بلین روپے سے بڑھ کر 384.809 بلین روپے رہا۔ منافع میں 70.53% اضافہ کی وجہ بہتر انتظامیہ اور مارجن ہے۔ مجموعی منافع کا تناسب 5.94% فیصد سے بڑھ کر 7.10% فیصد ہو گیا۔

فروخت اور تقسیم کے اخراجات 18% فیصد کمی کے بعد 104.861 بلین روپے سے کم ہو کر 85.928 بلین روپے ہو گئے۔ انتظامیہ اور عمومی اخراجات 0.06% فیصد اضافہ کے بعد 114.999 بلین روپے سے 115.071 بلین روپے ہو گئے۔ فنانس لاگت 21% فیصد اضافے کے ساتھ 120.029 بلین روپے سے بڑھ کر 145.033 بلین روپے ہو گئی۔ آپریٹنگ منافع 120.029 بلین روپے سے زیادہ ہو کر 206.984 بلین روپے ہو گیا۔

اعتراف خدمات: آخر میں بورڈ کی جانب سے اپنے تمام ملازمین کی خدمات کا اعتراف کیا جاتا ہے اور اپنے حصص داران، صارفین، سپلائرز، بینکرز اور دیگر کاروباری ساتھیوں کا جنہوں نے ہم پر اعتماد اور تعاون کیا۔

مسز عذرا یاسمین

چیر پرسز

30 ستمبر 2019ء

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DIRECTORS' REPORT

The Directors are pleased to present Annual Report of your Company together with Audited Financial Statements for the year ended June 30, 2019. Figures for the previous year ended June 30, 2018 are also included for comparison.

In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the Company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

The financial results for the year under review along-with comparative figures are presented herewith to have cursory look at the company's operating performance;

	2019	2018
	Rupees (000)	
Sales – Net		
Local	4,146,396	2,249,628
Export	1,272,390	1,547,431
	<u>5,418,786</u>	<u>3,797,059</u>
Gross profit	384,809	225,657
Operating profit	206,984	18,328
Financial charges	145,033	120,029
Loss after tax	51,444	175,202
Loss per share	1.58	5.37

The company has not declared dividend due to incurrance of losses

Financial and operational performance:

Despite of the global economic slackness and cutthroat competition loss after tax of the Company in financial year 2018-19 is Rs. 51.44 million as compare to loss after tax of Rs. 175.20 million in year 2017-18. The main reasons for this reduction in loss are cost controls and focus on efficient operations.

Textile industry outlook:

The Textile sector had to face deprivation with intensified power outages and gas shortages particularly in the Punjab region bearing further load due to higher rates which affected the performance of sector as a whole and compelled the units to run under capacity which further increased their cost of production. The power prices remained at their highest after the cut-off of locally extracted system gas by the authorities and the introduction of high priced imported Re-liquefied Natural Gas (RLNG) in its place.

The electricity tariffs are significantly higher as compared to competitor countries and it is a major factor contributing to higher cost of production. The government must take immediate steps to nullify the difference to provide a level playing field to compete in the international market.

Despite of the significant importance of this sector at economic forum, its performance remained subdued on account of lackluster performance of cotton yarn and cotton cloth in the local and international market. Textile sector exports have shown declined continuously during the last four years because of the high cost of doing business as compared to competitor countries and undecieve policies by the government for the industry. Government acknowledges steep decline in exports and promise some relief to the textile sector to encourage export but no tangible relief has been announced for which our industry is anxiously waiting.

It is also on part of government to take note of the continuous decline in cotton production every year. So it is the high time to take notice and an exclusive Research & Development Department must be established to evaluate and bring such seed for cotton which is as per International Standards and beneficial to grower as well. Otherwise we fear that if not done, it will be very difficult for textile industry to survive and mills may become more uncompetitive that will ultimately bring negative effect on our economy.

In our opinion, the development of new seed is a time taking task; in the meantime Government must take immediate steps to import cotton seed which is suitable to our soil. We suggest that until & unless we achieve the optimum production level, the ban imposed on import of cotton should be lifted.

Future prospects

The overall economic environment continues to remain conducive for the growth. Availability of energy supplies and improvement in law and order situation has promoted business climate. The CPEC is now a reality and is expected to bring significant investments for infrastructure projects, especially road infrastructure and energy projects. This will have ripple effect on overall economic growth.

However, below target production of domestic cotton crop for season 2019-20, increasing trend in power & fuel prices may adversely affect the competitiveness of textile industry in international markets.

In the current scenario, the revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country at lower prices.

We will continue to explore and tap emerging and new market opportunities in the sector: Pakistan is the fourth largest producer and third largest consumer of cotton, in addition to being one of the largest exporters of cotton yarn in the world. Cotton sector along-with textile and apparel industry, account for 11 percent of the country GDP and 60 percent of the country's export value, while employing 35 percent of the industrial work force. Textile has been an important sector for the local economy and future prospects of country are linked with the progress of textile chain, hence, it will remain in focus for all stakeholders.

Related parties

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the stock exchange in Pakistan.

Safety, Health and Environment (SHE)

Your Company takes all possible measures to ensure that all our employees as well as communities within which we operate remain safe at all time. Environmental protection is a top priority on company's SHE agenda. The company ensures that its production processes are eco friendly and efficient. We constantly try and improve energy efficiencies both at production facilities and in our offices.

Your Company has also obtained BCI Certification (Better Cotton Initiative) besides holding OEKO-TEX Certificate (Eco-Friendly Cotton).

Human Capital

Ghazi Fabrics International Limited possesses deepest care about its people. This approach has roots in our culture and enables our sustainable progress. We believe that the success of any business depends on the quality of human capital and therefore development of people is our priority. We have invested fair number of hours in training and wish to enhance this in future. In order to develop future leadership in different functions we have instituted management training scheme and expect that the young talent will take the organization to greater heights.

For ensuring reward based on performance and to develop high caliber people for future succession, a system of performance management is practiced in the Company. The Company also believes in providing good health, safety, work-life balance and market commensurate compensation package including employment benefit plan.

Compliance with Code of Corporate governance

The management is fully aware of the company's obligation for compliance with the Listing Regulations of the Pakistan Stock Exchange and steps are being taken for its effective implementation within the allowed time frame work. The various statements, as required by the Code, are given below:

1. Financial statements prepared by the management represent fairly and accurately Company's state of affairs, results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
5. System of internal control being sound in design, has been effectively implemented and being monitored continuously. On-going review will continue in future for further improvements in controls.
6. The Company has sound potential to continue as going concern.
7. Financial highlights for the last six years are annexed.
8. There has been no material departure from best practices of corporate governance.
9. Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.
10. During the year under review, four meetings of the Boards and six meeting of the Audit Committee whereas one meeting of Human Resource and Remuneration Committee were held and following were in attendance:

Sr. #	Attendance in Meetings	Board	Audit Committee	HR & Remuneration Committee
1.	Mrs. Azra Yasmin	4	-	1
2.	Mohammad Arshad Chaudhry	4	-	-
3.	Kamran Arshad	4	-	-
4.	Rizwan Arshad	4	6	-
5.	Muhammad Salman Tariq	4	6	-
6.	Wajeeha Haaris	4	-	1
7.	Muhammad Imran Rasheed	4	6	1

11. To the best of our knowledge, directors, chief executive, CFO and Company Secretary, Company's auditors, their spouses and minor children have not undertaken any trading of company's shares except as mentioned in pattern of shareholding.
12. Composition of board:
The board consists of 5 male and 2 female directors with following composition:
Independent directors 1
Other non-executive directors 4
Executive directors 2
Total number of directors 7
13. Remuneration Policy of Non-Executive Directors:
The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

Auditors

The present auditors of the Company M/s. Qadeer & Company, Chartered Accountants have completed the annual audit for the year ended June 30, 2019 and have issued an unmodified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending June 30, 2020. The Audit Committee has recommended their reappointment.

Directors

Election of directors was held on 27 October 2017 and a seven member Board was elected unopposed whose term of office will expire on 26 October 2020.

Board's Performance Evaluation

The Board has evaluated the individual performance of Directors as per established mechanism.

CEO's Performance Evaluation

During the year, the Human Resource and Remuneration Committee of the Board evaluated the performance of the CEO

Combined pattern of CDC and physical shareholdings

Combined pattern of CDC and physical shareholding is annexed to the directors' report.

Acknowledgement

The Directors of your Company would like to place on record their deep appreciation for support of customers, bankers, regulators and shareholders and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future as well.

For and on behalf of the Board

Chief Executive

Lahore

September 30, 2019

Director

۹۔ مالی سال کے دوران متعلقہ فریقوں کے معاملات آڈٹ کمیٹی کی طرف سے توثیق کے بعد بورڈ کی طرف سے منظوری دی گئی ہے۔

۱۰۔ مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس آڈٹ کمیٹی کے 6 اجلاس اور ہیومن ریسورس اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوا ہے انکی حاضری کی تفصیل درج ذیل ہے:

نمبر	اجلاسوں میں شرکت	بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اور معاوضے کی کمیٹی
۱	مسز عذرا یاسمین	4	-	1
۲	محمد ارشد چوہدری	4	-	-
۳	کامران ارشد	4	-	-
۴	رضوان ارشد	4	6	-
۵	محمد سلمان طارق	4	6	-
۶	وجیہہ حارث	4	-	1
۷	محمد عمران رشید	4	6	1

۱۱۔ ڈائریکٹرز، چیف فائینشل آفیسر، کمپنی سیکرٹری، ان کے شریک حیات اور چھوٹے بچوں کی جانب سے شہر ذکی تجارت نہیں کی گئی سوائے اسکے جو شیئر ہولڈنگ کے نمونے میں بنائی گئی ہے۔

۱۲۔ بورڈ کی ساخت:

بورڈ میں پانچ مرد اور دو خاتون ڈائریکٹرز شامل ہیں۔

01	انڈیپنڈینٹ ڈائریکٹرز
04	نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز
07	ڈائریکٹرز کی کل تعداد

۱۳۔ نان ایگزیکٹو ڈائریکٹرز کی ریٹائرمنٹ پالیسی:

کمپنی کے بورڈ اور کمیٹی اجلاس میں شرکت کے لئے نان ایگزیکٹو اور انڈیپنڈینٹ ڈائریکٹرز کی فیس وقت کے ساتھ بورڈ طے کرتا ہے۔

آڈیٹرز: موجودہ آڈیٹرز میسرز قدیر اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2019 کا سالانہ آڈٹ مکمل کر لیا اور اگلا ایفائیڈ آڈٹ رپورٹ جاری کی ہے۔ آڈیٹ کمیٹی کے سالانہ عام اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے اور انہوں نے اہل ہونے کی بنا پر 30 جون 2020 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے ان کی تعیناتی کی سفارش کی ہے۔

ڈائریکٹرز: 27 اکتوبر 2017ء کو ڈائریکٹرز کا انتخاب منعقد کیا گیا اور سات ارکان پر مشتمل بورڈ کا انتخاب کیا گیا جن کی مدت 26 اکتوبر 2020ء میں ختم ہوگی۔

بورڈ کی کارکردگی کی جانچ پڑتال: بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی انفرادی کارکردگی کی جانچ پڑتال کو سرانجام دیا ہے۔

چیف ایگزیکٹو آفیسر کی کارکردگی کی جانچ پڑتال: ہیومن ریسورس اور معاوضے کی کمیٹی نے چیف ایگزیکٹو آفیسر کی کارکردگی کی جانچ پڑتال کی ہے۔

شیئر ہولڈنگ کا نمونہ: 30 جون 2019ء کو کمپنی کے شیئر ہولڈنگ کے نمونے کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اعتراف: آپ کی کمپنی کے ڈائریکٹرز نے گاہکوں، بینکاروں، ریگولیٹرز اور حصص یافتگان کی حمایت پر انکی تعریف کی ہے اور امید کرتے ہیں کہ مستقبل میں بھی یہ تعاون جاری رہے گا۔

آپ کی کمپنی کے ڈائریکٹرز نے کمپنی کے ایگزیکٹو، عملے کے ارکان اور کارکنوں کی طرف سے پیش کی گئی خدمات، وفاداری اور مسلسل کوششوں کی تعریف کی ہے اور امید کرتے ہیں

کہ مستقبل میں بھی ایسا تعاون جاری رہے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے

لاہور

30 ستمبر 2019ء

ڈائریکٹر

چیف ایگزیکٹو

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے مالی سال متعلقہ کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس پیش کرتے ہیں۔ گزشتہ مالی سال کے اعداد و شمار تقابلی جائزے کے لئے شامل کئے گئے ہیں۔

کارپوریٹ گورننس کے کوڈ کی تعمیل کے لئے سالانہ رپورٹ کی توثیق چیف ایگزیکٹو آفیسر اور چیف فنانسنگ آفیسر کی طرف سے کی گئی ہے جو کہ آڈٹ کمیٹی کی طرف سے منظوری کی سفارش کے بعد بورڈ آف ڈائریکٹرز کی طرف سے منظور کی گئی ہے۔ ہم 30 جون 2019ء کو ختم ہونے والے سال کے لئے نظر ثانی شدہ نتائج کا مختصر جائزہ پیش کرتے ہیں۔

سال 2019
روپے (000)

سال 2018
روپے (000)

2,071,716
2,184,000
3,797,059

4,146,396
1,272,390
5,418,786

225.657
18,328
120,029
175,202
5.37

384,809
206,984
145,033
51,444
1.58

فروخت:

مقامی

برآمدات

خام منافع

آپریٹل منافع

سود

بعد از ٹیکس نقصان

فی شیئر نقصان

کمپنی نے نقصانات کی وجہ سے ڈیویڈنڈ کا اعلان نہیں کیا۔

مالی اور آپریٹل کارکردگی: عالمی سطح پر شدید مندی اور سخت کاروباری مقابلے کے باوجود سال 2018-19ء میں بعد از ٹیکس نقصان 51.44 ملین روپے رہا۔ گزشتہ مالی سال 2017-18ء میں بعد از ٹیکس نقصان 175.20 ملین روپے تھا۔ نقصان میں کمی کی وجوہات میں اخراجات پر قابو اور بہترین انتخابات ہیں۔

ٹیکسٹائل کی صنعت کا جائزہ: خاص طور پر پنجاب کے علاقے میں ٹیکسٹائل کے شعبے کو شدید بجلی کی بندش اور گیس میں کمی کے ساتھ ساتھ اضافی قیمتوں کا بھی سامنا کرنا پڑا۔ جس نے مجموعی طور پر شعبے کی کارکردگی کو متاثر کیا اور جمبوری کیا کہ یونٹ کو کم پیداواری صلاحیت پر چلایا جائے جو پیداواری لاگت میں اضافے کا سبب بنا۔ حکام بالا کی طرف سے مقامی طور پر نکلنے والی گیس کی فراہمی منقطع کیے جانے اور اسکی جگہ اضافی قیمت پر درآمد شدہ مائع قدرتی گیس (آرائیل این جی) متعارف کروانے کی وجہ سے بجلی کی قیمتوں میں اضافہ ہوا۔

ہمارے توانائی اخراجات ہمارے حریف ممالک کے مقابلے میں کافی زیادہ ہیں جو کہ ہماری زیادہ پیداواری لاگت کی بنیادی وجہ ہے۔ حکومت کو اس پہلو میں بہتری کے لئے فوری اقدامات کرنے چاہئیں تاکہ ہم عالمی منڈی میں مقابلہ کر سکیں۔

یہ شعبہ ملک کی معیشت میں انتہائی اہمیت کا حامل ہے۔ اس کے باوجود مقامی اور عالمی منڈیوں میں دھاگے اور کپڑے کے شعبوں میں انتہائی ناقص کارکردگی رہی۔ گزشتہ چار سالوں سے ٹیکسٹائل کے برآمدات میں مسلسل کمی ہو رہی ہے۔ جس کی بنیادی وجہ ہمارے کاروباری حریفوں کے مقابلے میں ہماری پیداواری لاگت کا زیادہ ہونا ہے۔ حکومت یہ تو تسلیم کرتی ہے کہ برآمدات کم ہو رہے ہیں اور یقین دہانی کروائی جاتی ہے کہ ہمیں سہارا دیا جائے گا لیکن عملی اقدامات تاحال نظر نہیں آتے۔

حکومت کو اس بات کا بھی انتہائی سنجیدگی سے جائزہ لینا چاہئے کہ کپاس کی فصل میں مسلسل کمی کی کیا وجوہات ہیں اور وقت کی اہم ضرورت ہے کہ حکومت ایک ایسا ادارہ قائم کرے جس کا بنیادی کام کپاس کی ان اقسام کی تیاری ہو جو عالمی منڈیوں میں درکار ہو اور کاشتکار بھی منافع کمائے اور اس بات کا قوی امکان ہے کہ اگر ایسا نہ کیا گیا تو ٹیکسٹائل انڈسٹری کے لئے اپنا وجود برقرار رکھنا مشکل ہو جائے گا جس کا ہماری ملکی معیشت پر انتہائی منفی اثر پڑے گا۔

ہماری رائے میں نئے بیج کی ترقی میں وقت درکار ہے۔ اس دوران حکومت کو کپاس کے بیج درآمد کرنے کے لئے فوری اقدامات اٹھانے چاہئیں جو ہماری مٹی کے لئے موزوں ہو۔

ہم تجویز کرتے ہیں کہ جب تک ہم زیادہ سے زیادہ پیداوار کی سطح کو حاصل نہ کر لیں تب تک کپاس کی درآمد پر پابندی اٹھائی جائے۔

مستقبل کے امکانات: مجموعی اقتصادی ماحول ترقی کے لئے سازگار رہتا ہے تو انائی کی فراہمی اور نظم و ضبط کی صورتحال میں بہتر کاروباری آب و ہوا کو فروغ دے گی۔ سی پیک اب ایک حقیقت ہے اور یہ بنیادی ڈھانچے کے منصوبوں، خاص طور پر سڑکوں کے بنیادی ڈھانچے اور توانائی کے منصوبوں کے لئے اہم سرمایہ کاری کا پیش خیمہ ثابت ہوگا جس سے مجموعی اقتصادی ترقی پر مثبت اثر پڑے گا۔

تاہم، 2019-20ء میں مقامی کپاس کی ہدف سے کم پیداوار، بجلی اور ایندھن کی قیمتوں میں اضافہ ہماری ٹیکسٹائل انڈسٹری کی مسابقت کو بین الاقوامی مارکیٹ میں اثر انداز کر سکتی ہے۔ موجودہ منظر نامے میں، ہماری ٹیکسٹائل کی صنعت کی بحالی ملک میں سستی بجلی اور گیس کی مسلسل فراہمی پر منحصر ہے۔

ہم اس شعبے میں بڑھتی ہوئی اور نئی مارکیٹ کے مواقع تلاش کرتے رہیں گے۔ پاکستان دنیا میں کاٹن یارن کے سب سے بڑے برآمد کنندہ میں سے ایک ہونے کے علاوہ کپاس کا چوتھا سب سے بڑا پروڈیوسر اور تیسرا سب سے بڑا صارف ہے۔ کپاس کے شعبے کے ساتھ ساتھ ٹیکسٹائل اور ملبوسات کی صنعت ملک کے جی ڈی پی کا %11 اور ملک کی برآمدات کا %60 ہونے کے علاوہ %35 لوگوں کو روزگار مہیا کرتی ہے۔ مقامی معیشت کا اہم شعبہ ہونے کی وجہ سے ملک کا مستقبل ٹیکسٹائل سے جڑا ہے۔ جس کی بدولت یہ شعبہ تمام سٹیک ہولڈرز کے لئے توجہ کا مرکز رہے گا۔

متعلقہ فریق: متعلقہ فریقین کے درمیان لین دین آرمز لینتھ پر کیا گیا ہے۔ جن کا موازنہ غیر مقابل قیمتوں کے طریقہ کار سے کیا گیا ہے۔ کمپنی مکمل طور پر اور بہترین طریقوں سے ٹرانسفر پرائسنگ کے طریقوں پر عمل پیرا ہے۔ جو کہ پاکستان سٹاک ایکسچینج کے لسننگ کے ضابطے میں موجود ہیں۔

صحت، تحفظ اور ماحول: آپ کی کمپنی اپنے تمام ملازمین کے ساتھ ساتھ گرد و نواح کے رہنے والے لوگوں کی حفاظت کے لئے ہر ممکن اقدامات کرتی ہے۔ ماحولیاتی تحفظ کمپنی کی اولین ترجیح ہے۔ کمپنی اس بات کو یقینی بناتی ہے کہ اس کا پیداواری عمل ماحول دوست رہے۔ ہم اپنے دفاتر اور پیداواری تھیں میں توانائی کی استعداد کار کو بہتر بنانے کے لیے مسلسل کوشش کر رہے ہیں۔ آپ کی کمپنی کو OEKO-TEX سرٹیفکیٹ (ماحول دوست کپاس) کے علاوہ سرٹیفکیٹ بی سی آئی (بہتر کاٹن انیشی ایٹو) بھی حاصل ہے۔

انسانی سرمایہ: غازی فیکس انٹرنیشنل لمیٹڈ کے لئے اسکے لوگ بہت اہم ہیں۔ یہ نقطہ نظر ہماری ثقافت میں جڑیں رکھتا ہے اور ہمیں پائیدار ترقی کے قابل بناتا ہے۔ ہمارا اعتقاد ہے کہ کسی بھی کاروبار کی کامیابی افرادی قوت کے معیار پر منحصر ہے اور اس وجہ سے لوگوں کی ترقی ہماری ترجیح ہے۔ ہم تربیت کے لئے موزوں وقت پر سرمایہ کاری کرتے ہیں اور مستقبل میں اضافہ کریں گے۔ مستقبل کی قیادت تیار کرنے کے لئے ہم نے مختلف شعبوں میں مینجمنٹ ٹریننگ سکیم کا آغاز کیا ہے اور توقع ہے کہ ذہین نوجوان کمپنی کو نئی بلندیوں پر لے جائے گی۔ کارکردگی کی بنیاد پر انعام کو یقینی بنانے کے لئے اور مستقبل کی کامیابی کے لئے اعلیٰ صلاحیت لوگوں کو ترقی دینے کے لئے کمپنی نے کارکردگی جانچنے کا طریقہ کار وضع کیا گیا۔ کمپنی اچھی صحت، تحفظ، زندگی کے توازن اور مارکیٹ کے مطابق معاوضہ کے ساتھ ساتھ ملازمت کی منصوبہ بندی پر یقین رکھتی ہے۔

کارپوریٹ گورننس کے ضوابط کی تعمیل: کمپنی کی انتظامیہ پاکستان سٹاک ایکسچینج کی جانب سے جاری کردہ کارپوریٹ گورننس کے ضوابط پر عمل درآمد کے حوالے سے اپنی ذمہ داریوں سے پوری طرح آگاہ ہے اور مقررہ وقت میں اسکے نفاذ کے لئے مناسب اقدامات کے لئے کوشاں ہے۔

۱۔ انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں اسکے معمولات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو عمدہ طریقے سے پیش کیا گیا ہے۔

۲۔ کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

۳۔ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی پالیسیوں کا مستقل انداز میں نفاذ کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کا دارومدار معقول اور محتاط فیصلے پر مبنی ہے۔

۴۔ مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیار کا نفاذ کیا گیا ہے جو پاکستان میں بھی رائج ہیں۔

۵۔ اندرونی کنٹرول کے سسٹم کا ڈیزائن عمدہ ہے اور اس کا نفاذ اور نگرانی موثر ہے۔

۶۔ کمپنی کے کاروبار کو رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

۷۔ سالانہ رپورٹ میں کی آپریٹنگ اور مالیاتی ڈیٹا بابت پچھلے 6 سال کو شامل کیا گیا ہے۔

۸۔ کارپوریٹ گورننس سے کسی قسم کا قابل ذکر انحراف نہیں کیا گیا۔

PATTERN OF SHAREHOLDING

As At June 30, 2019

NUMBER OF SHAREHOLDERS	H O L D I N G S		TOTAL SHARES HELD
	FROM	TO	
562	1	100	50,324
3,405	101	500	1,559,981
413	501	1,000	387,092
307	1,001	5,000	771,647
49	5,001	10,000	389,056
19	10,001	15,000	244,400
9	15,001	20,000	171,200
7	20,001	25,000	158,000
7	25,001	30,000	201,600
2	30,001	35,000	67,500
2	40,001	45,000	86,400
1	45,001	50,000	47,000
2	50,001	55,000	104,500
1	55,001	60,000	60,000
1	60,001	65,000	63,000
1	105,001	110,000	110,000
1	110,001	115,000	114,000
1	120,001	125,000	124,500
1	145,001	150,000	150,000
1	260,001	265,000	262,000
1	310,001	315,000	314,700
1	340,001	345,000	343,000
1	1,615,001	1,620,000	1,617,600
1	2,490,001	2,495,000	2,491,100
2	3,220,001	3,225,000	6,447,000
1	16,295,001	16,300,000	16,300,000
4,799			32,635,600

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	20,673,200	63.3455%
Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
NIT and ICP	12,000	0.0368%
Banks Development Financial Institutions, Non Banking Financial Institutions.	26,600	0.0815%
Insurance Companies	124,500	0.3815%
Modarabas and Mutual Funds	1,100	0.0034%
Share holders holding 10% or more	16,300,000	49.9455%
General Public		
a. Local	11,742,099	35.9794%
b. Foreign	500	0.0015%
Joint Stock Companies	55,601	0.1704%

CATEGORIES OF SHAREHOLDING

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
		-	-
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MOHAMMAD ARSHAD CHAUDHRY	16,300,000	49.9455
2	MRS. AZRA YASMIN	1,000	0.0031
3	MR. MUHAMMAD KAMRAN ARSHAD	1,617,600	4.9566
4	MR. MUHAMMAD SALMAN TARIQ	500	0.0015
5	MISS. WAJEEHA ARSHAD	500	0.0015
6	MR. RIZWAN ARSHAD	2,753,100	8.4359
7	MR. MUHAMMAD IMRAN RASHEED	500	0.0015
Executives:		3,000	0.0092
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		152,200	0.4664
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. MOHAMMAD ARSHAD CHAUDHRY	16,300,000	49.9455
2	MR. RIZWAN ARSHAD	2,753,100	8.4359
3	MR. IBRAHIM HUSSAIN IBRAHIM ALHOSANI	3,225,000	9.8818
4	MR. AHMED YUSUF ALI	3,222,000	9.8727

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
	Nil	-	-

SIX YEARS FINANCIAL STATISTICAL SUMMARY

Measure of performance	2019	2018	2017	2016	2015	2014
..... Rupees in Thousand						
Sales - net	5,418,786	3,797,059	4,255,717	4,819,932	5,114,903	5,338,764
Cost of sales	5,033,977	3,571,402	4,174,942	4,647,253	4,815,950	4,822,883
Gross profit	384,809	225,657	80,775	172,679	298,953	515,881
Operating profit/(Loss)	206,985	18,329	(153,405)	(85,857)	27,871	224,865
(Loss) / profit after tax	(51,444)	(175,202)	(334,189)	(269,364)	(182,990)	55,681
In % age terms						
Cost of sales	92.90	94.06	98.10	96.42	94.16	90.34
Operating profit/(Loss)	3.82	0.48	(3.60)	(1.78)	0.54	4.21
(Loss)/ profit after tax	(0.95)	(4.61)	(7.85)	(5.59)	(3.58)	1.04
Financial position						
Property, plant and equipment-net	1,401,016	1,415,526	1,556,532	1,605,032	1,535,324	1,456,991
Capital work in progress	-	90,830	1,134	34,210	129,013	113,381
Fixed assets	1,401,016	1,506,356	1,557,666	1,639,242	1,664,337	1,570,372
Current assets						
Stores, spares and loose tools	131,914	115,609	114,772	93,385	89,718	78,944
Stocks in trade	729,191	449,614	749,188	626,434	804,905	1,069,597
Other current assets	860,918	577,315	471,290	432,965	545,622	534,726
Cash and cash equivalent	6,784	30,450	6,748	4,156	25,007	4,452
	1,728,807	1,172,988	1,341,998	1,156,940	1,465,251	1,687,719
Current liabilities						
Short term borrowings	1,255,863	983,332	1,203,403	940,649	1,020,173	1,050,660
Current portion of long term loans	80,550	150,000	175,000	143,462	224,126	123,796
Other current liabilities	315,110	334,743	377,625	485,477	419,470	404,324
	1,651,523	1,468,075	1,756,028	1,569,588	1,663,769	1,578,780
Net working capital	77,284	(295,087)	(414,030)	(412,702)	(198,518)	108,939
Long term loans - excluding sponsors' loan	131,250	56,250	206,250	350,000	387,308	528,666

FINANCIAL HIGHLIGHTS

Financial Highlights	2019	2018	2017	2016	2015	2014
Rupees.....					
A. Profitability Ratios:						
Earning before interest, taxation and depreciation	Rs. 340,596,271	160,223,452	(5,942,434)	65,980,209	181,026,024	343,877,527
Earning before interest and taxation	Rs. 206,984,710	18,328,741	(153,404,945)	(85,857,366)	27,870,518	224,864,633
Profit / (Loss) before taxation and depreciation	Rs. 195,562,579	40,194,263	(146,082,104)	(83,405,422)	(27,849,953)	150,249,391
Gross profit ratio	% 7.10	5.94	1.90	3.58	5.84	9.66
Operating profit / (loss) margin to sales (net)	% 3.82	0.48	(3.60)	(1.78)	0.54	4.21
Net profit / (loss) margin to sales (net)	% (0.95)	(4.88)	(7.85)	(5.59)	3.58	0.18
EBITD margin to sales (net)	% 6.29	4.22	(0.14)	1.37	3.54	6.44
B. Liquidity Ratios :						
Current ratio	% 1.05	0.80	0.76	0.74	0.88	1.07
Quick / Acid-test ratio	% 0.61	0.25	0.27	0.34	0.34	0.34
Cash to current liabilities	% 0.004	2.07	0.38	0.26	1.50	0.28
Cash flow from operations to sales	% (0.12)	8.95	(6.42)	4.67	4.70	1.05
Working capital (Net current assets)	Rs. 77,283,941	(295,086,622)	(414,030,560)	(412,649,253)	(198,517,658)	108,939,322
Working capital turnover	Times 70.12	(12.87)	(0.10)	(11.68)	(25.77)	49.01
C. Activity / Turnover Ratios						
Debtors turnover ratio	Times 12.91	30.00	33.25	24.73	19.59	15.36
No. of days in receivables / Average collection period	Days 18.40	12.17	10.98	14.76	18.25	23.77
Inventory turnover ratio	Times 8.54	6.32	5.57	6.49	6.35	4.58
No. of days in inventory	Days 39.70	57.77	65.50	56.21	62.05	79.73
Creditors turnover ratio	Times 25.03	11.72	9.62	7.79	20.67	26
No. of days in creditors / Average payment period	Days 11.54	31.14	38	47	18.25	14.06
Property, plant and equipment turnover	Days 94.37	136.07	133.50	118.91	109.50	90.06
Total assets turnover	Days 211.70	258.81	249.81	225.36	223.93	206.70
D. Investment Ratios						
Basic earnings / (loss) per share	Rs. (1.58)	(5.37)	(10.24)	(8.25)	(5.61)	0.29
Cash dividend per share	Rs. -	-	-	-	-	-
E. Capital Structure Ratios						
Total liabilities to total assets	% 62.12	61.15	70.10	70.50	104.94	99.41
Interest coverage	Times 1.43	0.15	(1.09)	(0.57)	0.13	1.16

STATEMENT OF VALUE ADDITION

Statement of Value addition

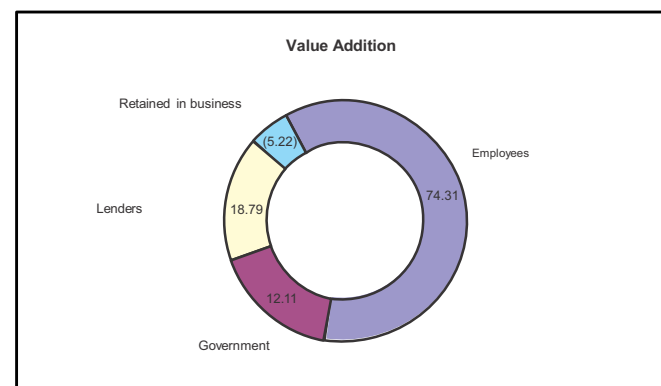
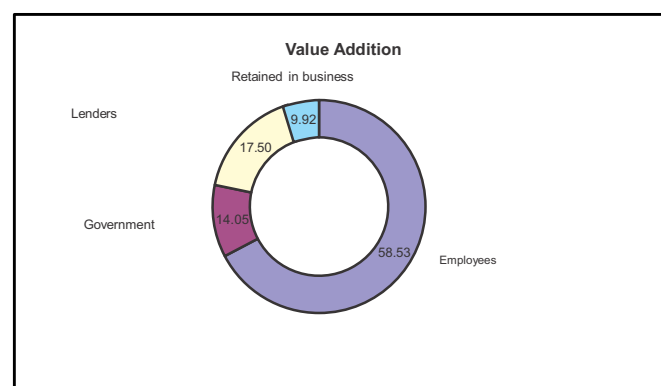
	2019	2018
Sales	5,418,786,475	3,797,059,066
Less: Manufacturing / administration and general expenses	(4,614,995,428)	(3,172,941,297)
	803,791,047	624,117,769
Other income	24,768,035	14,522,230
Total value added	828,559,082	638,639,999

Distribution

Employees :		
Salaries and wages	484,921,541	474,583,311
Government :		
Corporate tax	113,395,361	73,502,174
Development surcharge	3,041,270	3,833,236
	116,436,631	77,335,410
Lenders :		
Financial institution (Markup, Bank charges)	145,033,692	120,029,189
Retained in business:		
Depreciation	133,611,561	141,894,711
Profit / (Loss)	(51,444,343)	(175,202,622)
	82,167,218	(33,307,911)
	828,559,082	638,639,999

Percentage

Employees	58.53	74.31
Government	14.05	12.11
Lenders	17.50	18.79
Retained in business	9.92	(5.22)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED AT JUNE 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per following:
 - a. Male : 05
 - b. Female : 02
2. The composition of board is as follow:es:

Category	Names
Independent Director	○ Mohammad Imran Rasheed
Executive Directors	○ Mohammad Arshad Chaudhry ○ Kamran Arshad
Non-Executive Directors	○ Mrs. Azra Yasmin ○ Rizwan Arshad ○ Wajeeha Haaris ○ Muhammad Salman Tariq

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of the Directors of the Company are exempted from the requirement of Directors' Training program.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee

1. Mr. Muhammad Imran Rasheed – Chairman/ member
2. Mr. Rizwan Arshad – member
3. Mr. Muhammd Salman Tariq – member

b) HR and Remuneration Committee

1. Mr. Muhammad Imran Rasheed – Chairman/ member
2. Mrs. Azra Yasmin – member
3. Mrs. Wajeeha Haris – member

13. The terms of references of the aforesaid committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- | | |
|----------------------------------|-----|
| a) Audit Committee | (6) |
| b) HR and Remuneration Committee | (1) |

15. The Board has set up an effective internal audit function supervised by a qualified Chartered Accountant, who is being assisted by in house executives to carry out the Internal Control functions. The Head of Internal Audit is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Chief Executive
Lahore
September 30, 2019

Chairperson



QADEER & COMPANY
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GHAZI FABRICS INTERNATIONAL LIMITED

Review Report On The Statement Of Compliance Contained In Listed Companies (code Of Corporate Governance) Regulation, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **GHAZI FABRICS INTERNATIONAL LIMITED** (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility of compliance with the Regulations is that Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with provision of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various document prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statement we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of their requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and the whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Lahore
September 30, 2019

QADEER AND COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER
NAWAZ KHAN FCA



QADEER & COMPANY
CHARTERED ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the annexed financial statements of Ghazi Fabrics International Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters;

Financial Statements

For the year ended June 30, 2019

Sr. No.	Key Audit Matters	How the matters were addressed in our audit
(i)	<p>Revenue</p> <p>Refer to notes 3.17 and 23 to the financial statements</p> <p>The Company is engaged in the manufacturing and sale of yarn and grey fabrics both within and outside Pakistan.</p> <p>The Company recognized revenue from the sales amounting Rs. 5,418,786,475/- for the year ended June 30, 2019 representing an increase of 42.7%.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. Further, due to first time application of IFRS 15 during the year, there was also a risk that revenue could not be recognized correctly.</p>	<p>Our audit procedures to assess the recognition of revenue included the followings;</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording revenue. • Comparing a sample of revenue transactions recorded during the year with sales orders, sales and commercial invoices, delivery orders, bill of landing and other relevant underlying documents. • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, sales and commercial invoices, delivery orders, bill of landing and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • Comparing the details of the sample of the journal entries posted to the revenue accounts during the year which met certain specific risk based criteria, with the relevant underlying documentation.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

Note	Rupees	
	2019	2018
EQUITY AND LIABILITIES		
	400,000,000	400,000,000
Authorized capital 40,000,000 (2018: 40,000,000) ordinary shares of Rs. 10 each		
Issued, subscribed and paid up capital	326,356,000	326,356,000
Directors' loan	2,172,277,835	1,993,777,835
Accumulated loss	(1,308,013,961)	(1,263,975,167)
	1,190,619,874	1,056,158,668
Non Current Liabilities		
Long term financing	131,250,000	56,250,028
Deferred liabilities	169,441,718	111,872,926
	300,691,718	168,122,954
Current Liabilities		
Trade and other payables	223,854,895	274,989,418
Unclaimed dividend	4,985,265	4,997,635
Accrued interest / mark up	27,597,559	11,185,365
Short term borrowings	1,255,862,680	983,332,739
Current portion of long term financing	80,550,028	150,000,000
Provision for taxation - net	58,672,545	43,570,351
	1,651,522,972	1,468,075,508
Contingencies and Commitments		
	-	-
	3,142,834,564	2,692,357,130
ASSETS		
Non Current Assets		
Property, plant and equipment	1,401,015,957	1,415,526,051
Capital work in progress	-	90,830,496
	1,401,015,957	1,506,356,547
Long term deposits	13,011,694	13,011,694
	1,414,027,651	1,519,368,241
Current Assets		
Stores, spares and loose tools	131,914,262	115,609,787
Stock in trade	729,190,906	449,614,146
Trade debts	419,711,284	126,551,950
Loans and advances	244,569,386	244,281,061
Tax refunds/ rebate due from the Government	196,637,350	206,481,539
Cash and bank balances	6,783,725	30,450,406
	1,728,806,913	1,172,988,889
	3,142,834,564	2,692,357,130

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Nawaz Khan, FCA**.

Lahore
September 30, 2019

QADEER AND COMPANY
CHARTERED ACCOUNTANTS

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
Sales - Net	23	5,418,786,475	3,797,059,066
Less: Cost of goods sold	24	5,033,977,051	3,571,402,025
Gross Profit		384,809,424	225,657,041
Less: Operating expenses:			
- Selling and distribution	25	85,928,213	104,861,051
- Administrative and general	26	115,071,786	114,999,624
- Other operating charges	27	1,592,750	1,989,855
		202,592,749	221,850,530
		182,216,675	3,806,511
Other operating income	28	24,768,035	14,522,230
Operating profit		206,984,710	18,328,741
Less: Finance cost	29	145,033,692	120,029,189
Profit / (loss) before taxation		61,951,018	(101,700,448)
Less: Taxation	30	113,395,361	73,502,174
Loss after taxation		(51,444,343)	(175,202,622)
Loss per share - Basic and diluted	31	(1.58)	(5.37)

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	
		Rupees	
Loss for the year	(51,444,343)	(175,202,622)	
Other comprehensive income / (Loss)			
Remeasurements of defined benefit obligation	9,056,494	8,700,313	
Impact of deferred tax	(1,650,945)	(1,173,237)	
	7,405,549	7,527,076	
Total comprehensive loss for the year	(44,038,794)	(167,675,546)	

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	61,951,018	(101,700,448)
Adjustments for:		
- Depreciation	133,611,561	141,894,711
- (Gain) / loss on disposal of property, plant and equipment	-	(391,932)
- Provision for gratuity	27,970,711	29,452,460
- Finance cost	145,033,692	120,029,189
	306,615,964	290,984,428
	368,566,982	189,283,980
Operating profit before working capital changes		
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(16,304,475)	(837,641)
- Stock in trade	(279,576,760)	299,573,677
- Trade debts	(293,159,334)	1,440,836
- Loans and advances	(288,325)	(130,715,708)
- Tax refunds/ rebate due from the Government	(207,396)	25,370,544
Increase / (decrease) in current liabilities:		
- Trade and other payables	(51,134,523)	(42,299,777)
	(640,670,814)	152,531,931
Cash generated from operations	(272,103,832)	341,815,911
Income tax paid / deducted	(33,889,708)	(33,889,709)
Gratuity paid	(17,348,243)	(19,481,215)
Finance cost paid	(128,621,498)	(132,494,485)
Net cash generated from / (used in) operating activities	(451,963,281)	155,950,502
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(119,101,469)	(1,429,716)
Capital work in progress	90,830,496	(89,696,396)
Proceeds from disposal of property, plant and equipment	-	932,874
Net cash used in investing activities	(28,270,971)	(90,193,238)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of long term loans - net	5,550,000	(175,000,000)
Loan from directors and others - net	178,500,000	353,050,000
Unclaimed dividend	(12,370)	(34,461)
Short term borrowings	272,529,941	(220,070,072)
Net cash generated from financing activities	456,567,571	(42,054,533)
Net increase / (decrease) in cash and cash equivalents	(23,666,681)	23,702,731
Cash and cash equivalents at the beginning of the year	30,450,406	6,747,675
Cash and cash equivalents at the end of the year	22 6,783,725	30,450,406

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, Subscribed and Paid up Capital	Directors' loan	Accumulated Loss	Total
	Rupees			
Balance as at June 30, 2017	326,356,000	1,640,727,835	(1,096,299,621)	870,784,214
Transaction with owner-loan from directors	-	353,050,000	-	353,050,000
Total comprehensive income for the year ended June 30, 2018	-	-	(167,675,546)	(167,675,546)
Loss after taxation for the year	-	-	(175,202,622)	(175,202,622)
Other comprehensive income / (loss) for the year	-	-	7,527,076	7,527,076
Balance as at June 30, 2018	326,356,000	1,993,777,835	(1,263,975,167)	1,056,158,668
Transaction with owner-loan from directors	-	178,500,000	-	178,500,000
Total comprehensive income for the year ended June 30, 2019	-	-	(44,038,794)	(44,038,794)
Loss after taxation for the year	-	-	(51,444,343)	(51,444,343)
Other comprehensive income / (loss) for the year	-	-	7,405,549	7,405,549
Balance as at June 30, 2019	326,356,000	2,172,277,835	(1,308,013,961)	1,190,619,874

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 REPORTING ENTITY

- 1.1** Ghazi Fabrics International Limited ("the Company") was incorporated in Pakistan on April 30, 1989 as a Private Limited Company under the Companies Ordinance 1984 (repealed with the enactment of the Companies Act 2017); and converted into Public Limited Company on January 07, 1990. Its shares are quoted on Pakistan Stock Exchange Limited. The main activities of the Company are textile manufacturing, production of cotton and P.C. yarn and grey cloth that are marketed both within and outside Pakistan. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore and mill is located at 46-km, Multan Road, Bhaiphero, Kasur.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 and provisions of and directives issued under the Companies Act 2017. Where provisions of and directives issued under the Companies Act 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

2.2 New standards, amendments to the accounting and reporting standards as applicable in Pakistan

2.2.1 Amendments to the accounting and reporting standards as applicable in Pakistan which are effective during the year ended June 30, 2019

Share-based Payment (Amendments); Clarification on the classification and measurement of share-based payment transactions.	'IFRS 2
Insurance contracts (Amendments); the interaction of IFRS 4 and IFRS 9.	'IFRS 4
Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by investment choice.	'IAS 28
Investment property (Amendments); Amendments on transfers of property to or from investment property.	'IAS 40
Revenue from Contracts with Customers; This standard superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31.	'IFRS 15
Foreign Currency Transactions and Advance Consideration; Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	'IFRIC 22

- 2.2.2** The adoption of the above amendments to accounting standards did not have any significant impact on the financial statements, except some additional disclosures as significant one is mentioned in note 3.17.

2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company as at June 30, 2019.

	Effective date (annual reporting periods beginning on or after)
IAS 19 Employee benefits (Amendments)	1-Jan-19
IAS 28 Investment in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRS 9 Financial Instruments	1-Jul-19
IFRS 16 Leases	1-Jan-19
IFRIC 23 Uncertainty Over Income Tax	1-Jan-19
IFRS 3 Business Combinations (Amendments); Amendments regarding previously held Interests in a joint operation.	1-Jan-19
IFRS 3 Business Combinations (Amendments); Clarify the definition of business.	1-Jan-20
IFRS 11 Joint Arrangements (Amendments); Re-measurement of previously held Interests in a joint operation	1-Jan-19
IAS 12 Income Taxes (Amendments); Amendments regarding income tax consequences of payments on financial instruments classified as equity.	1-Jan-19
IAS 23 Borrowing Costs (Amendments); Borrowing costs eligible for capitalisation	1-Jan-19
IAS 1 Presentation of Financial Statements (Amendments); Amendments regarding the definition of concept of material	1-Jan-20
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments); Amendments regarding the definition of concept of material	1-Jan-20

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.5 Judgment, estimates and assumptions

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources, actual results may differ from the estimates. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have any material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of accounting and reporting standards as applicable in Pakistan that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows;

2.5.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.5.2 Recoverable amount of assets/ cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.3 Fair value of financial instruments having no active market

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

2.5.4 Taxation

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.5.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.6 Functional and presentation currency

Items included in the financial statements are prepared using the currency of the primary economic environment in which the company operates i.e. Pakistan Rupees which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.2 Employee benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under this scheme after the completion of a prescribed qualifying period of service. The latest actuarial valuation was carried out as at June 30, 2019. Charge for the current year is based on estimates provided by the actuary as at June 30, 2019.

All actuarial gains and losses (i.e. remeasurements) are recognised in 'other comprehensive income' as they occur.

The following significant assumptions were used in the latest actuarial valuation:

	2019	2018
Discount rate	9.00%	7.75%
Expected rate of salary increase in future years	12.25%	7.00%
Average expected remaining working life time of employees	9 years	9 years
Actuarial valuation method	Projected unit credit method	

3.3 Borrowings

These are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowings on an effective interest basis.

3.4 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.5 Taxation

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessment made / finalised during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, are recognized to the extent of potential available taxable profit against which temporary differences, unused tax losses and tax credits can be utilized.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.7 Trade and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

3.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation less impairment loss (if any) except freehold land that is stated at cost. Cost of property, plant and equipment consists of historical cost and other directly attributable costs incurred to bring the assets to their working condition.

Depreciation on property, plant and equipment has been provided by using the reducing balance method at the rates specified in Note 14. Full month depreciation is charged in the month of addition while no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as expense when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the profit and loss account.

3.9 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

3.10 Impairment

Carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.11 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

Provision for obsolete and slow moving stores and spares is based on management's estimate.

3.12 Stock in trade

These are valued at lower of cost or net realizable value except waste which is valued at net realizable value determined at average selling price.

Cost is determined as follows:

Raw materials - At weighted average cost.

Work in process - At annual average material cost plus appropriate manufacturing costs.

Finished goods - At average manufacturing cost.

Wastes - At net realizable value.

Net realizable value signifies the estimated selling price at which goods in stock could be currently sold less any further costs that would be incurred to complete the sale.

Costs in relation to work in process and finished goods represent annual average costs which consist of prime costs and appropriate manufacturing overheads.

Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand and cash with banks in current accounts.

3.14 Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. It ceases to recognize financial assets when it loses control of contractual rights and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Foreign currency translation and transactions

'Assets and liabilities in foreign currency are stated in Pak Rupees at the rates of exchange ruling on the balance sheet date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated into Pak Rupees (functional and presentation) at the exchange rate prevailing on the date of transaction. All exchange differences are included in the statement of profit or loss.

3.16 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

3.17 Revenue recognition

During the year, the Company has adopted IFRS 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are satisfied rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

The management has concluded that revenue from local sale of goods be recognised at the point in time when control of goods is transferred to the customer, which is when the goods are dispatched to the customer and invoices are generated.

Export sales are recorded at the time of receipt of bill of lading.

Export rebate and Duty Drawbacks are accrued on the basis of actual export proceeds realized.

3.18 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

3.19 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.20 Earning per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4 CHANGE IN ACCOUNTING POLICY

4.01 All the significant accounting policies are applied consistently during the year.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2019	2018
	Rupees	
32,635,600 (2018: 32,635,600) Ordinary shares of Rs. 10 each fully paid in cash	326,356,000	326,356,000

All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.

6 DIRECTORS' LOAN

	2019	2018
Loan from directors	2,172,277,835	1,993,777,835

6.01 These loans are accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan effective for the financial statements for the period beginning on or after January 01, 2016 with earlier application permitted.

6.02 This loan has been provided by the chief executive and other directors of the Company for the repayment of long term loans and capital expenditure of the Company. The loan is unsecured and interest free. The terms of repayment have yet not been finalized due to the subordination loan agreement of Rs.1500 million each (2018: Rs.1500million) with Habib Bank Limited and United Bank Limited.

7 LONG TERM FINANCING**Loan from banking companies - Secured**

United Bank Limited:

	2019	2018
- NIDF - VIII	5,550,028	125,000,028
- NIDF - IX	56,250,000	81,250,000
- NIDF - III	150,000,000	-
	211,800,028	206,250,028
Less: Current portion	(80,550,028)	(150,000,000)
	131,250,000	56,250,028

7.01 NIDF - VIII

	2019	2018
	Rupees	
Opening balance	125,000,028	281,250,028
Payments made during the year	(119,450,000)	(156,250,000)
	5,550,028	125,000,028

This loan has been obtained to finance import of machinery. It is repayable in sixteen equal quarterly installments with a grace period of eighteen months from first draw down of loan with first installment due in September 2015. It carries mark up at six months KIBOR plus 1.25% per annum payable on quarterly basis.

7.02 Term Finance (NIDF IX)

	2019	2018
Opening balance	81,250,000	100,000,000
Payments made during the year	(25,000,000)	(18,750,000)
	56,250,000	81,250,000

This loan has been obtained for reprofiling of balance sheet of the company. It is repayable in sixteen equal quarterly installments with a grace period of eighteen months from first draw down of loan with first installment due in December 2017. It carries mark up at six months KIBOR plus 1.25% per annum payable on quarterly basis.

7.03 Term Finance (NIDF III)

	2019	2018
Opening balance	-	-
Acquired during the year	150,000,000	-
	150,000,000	-

This loan has been obtained for reprofiling of balance sheet of the company. It is repayable in twelve equal quarterly installments from first draw down of loan with first installment due in September 2019. It carries mark up at three months KIBOR plus 1.85% per annum payable on quarterly basis.

7.04 Loan from UBL are secured against first pari passu equitable mortgage of property, plant and equipment of the Company valuing Rs. 1,471 million (2018: Rs. 1,471 million) and personal guarantee of chief executive and one director of the Company.

8 DEFERRED LIABILITIES

		2019	2018
Deferred tax - net	8.01	109,746,225	53,743,406
Staff retirement benefits	8.03	59,695,493	58,129,520
		169,441,718	111,872,926

8.01 Deferred tax - net

Taxable temporary differences / (Deductible temporary differences) balance arising in respect of:

	2019	2018
- Accelerated tax depreciation	134,499,719	100,279,655
- Recognized losses	-	(28,693,837)
- Minimum tax	(13,871,986)	(10,004,008)
- Staff retirement benefits	(10,881,508)	(7,838,404)
	109,746,225	53,743,406

8.02 The movement in temporary differences are as follows:

	Balance as at July 01, 2017	Recognized in profit and loss	Recognized in other comprehensive income	Balance as at June 30, 2018	Recognized in profit and loss	Recognized in other comprehensive income	Balance as at June 30, 2019
Deferred tax debits:							
Recognized losses	(53,107,251)	24,413,414	-	(28,693,837)	28,693,837	-	-
Minimum tax	-	(10,004,008)	-	(10,004,008)	(3,867,978)	-	(13,871,986)
Staff retirement benefits	(5,910,337)	(3,101,305)	1,173,237	(7,838,404)	(4,694,049)	1,650,945	(10,881,508)
	(59,017,588)	11,308,101	1,173,237	(46,536,250)	20,131,811	1,650,945	(24,753,494)
Deferred tax credits:							
Accelerated tax depreciation allowance	81,771,982	18,507,674	-	100,279,656	34,220,063	-	134,499,719
	22,754,394	29,815,775	1,173,237	53,743,406	54,351,874	1,650,945	109,746,225

8.03 Staff retirement benefits**The amounts recognized in the balance sheet are as follows**

Present value of defined benefit obligation including payable

	2019	2018
	Rupees	
	59,695,493	58,129,520
Balance sheet liability		
Opening balance	58,129,519	56,858,587
Amount recognized during the year	27,970,711	29,452,460
Remeasurements	(9,056,494)	(8,700,313)
	77,043,736	77,610,734
Benefits paid during the year	(17,348,243)	(19,481,215)
Closing balance	59,695,493	58,129,519
Charge for the defined benefit plan		
Service cost	23,519,725	25,800,817
Interest cost	4,450,986	3,651,643
	27,970,711	29,452,460

8.04 DEFINED BENEFIT PLAN**(a) General description**

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried on as at June 30, 2019 using Project Unit Credit Method.

(b) Comparison for five years

	2019	2018	2017	2016	2015
	(Rupees - 000)				
PVODBO	59,695	58,130	56,859	47,514	38,179
Experience Adjustment	(9,056)	(8,700)	9,679	2,763	(9,349)

9 TRADE AND OTHER PAYABLES

Creditors for:

- Goods supplied	111,531,762	155,749,468
- Services	32,661,622	18,486,265
Accrued liabilities	48,999,459	75,737,784
Advances from customers - unsecured	29,109,037	23,377,772
Security deposits	9.01	166,000
Tax deducted at source	1,387,015	1,472,129
	223,854,895	274,989,418

9.01 It represents security received from mill canteen contractors, shops etc. and is kept in separate bank account.

10 ACCRUED INTEREST/ MARKUP

Long term financing	3,961,867	849,617
Short term borrowings	23,635,692	10,335,748
	27,597,559	11,185,365

11 SHORT TERM BORROWINGS - From banking companies - Secured

Habib Bank Limited - Secured	11.01	803,113,869	573,694,100
United Bank Limited- Secured	11.02	452,748,811	409,638,639
		1,255,862,680	983,332,739

11.01 These represent utilized portion of short term finance facilities of Rs. 865 million (2018: Rs. 1,015 million) available from Habib Bank Limited under mark up arrangement. These facilities carry mark up of one month KIBOR plus 1.5% per annum and shall expire by January 31, 2020. These short term borrowings along with long term financing are secured by first pari passu equitable mortgage charge on property, plant and equipment of the Company valuing Rs. 932 million (2018: Rs. 932 million), pledge of cotton and polyester bales, lien on import documents / export contracts and personal guarantee of the chief executive and director of the Company.

11.02 These represent utilized portion of short term finance facilities of Rs. 770 million (2018 : Rs. 971 million) available from United Bank Limited under mark up arrangement. These facilities carry mark up at 1 month KIBOR plus 1.25% - 1.30% per annum and shall expire by December 31, 2019. These borrowings along with long term financing are secured by first pari passu charge on present and future fixed assets of the Company premises valuing Rs. 1,471 million (2018 : Rs. 1,471 million), pledge of cotton and polyester bales, lien on import documents / export contracts and personal guarantee of the chief executive and director of the Company.

12 PROVISION FOR TAXATION - Net

	2019	2018
	Rupees	
Opening balance	43,570,351	31,653,468
Provision for the year	58,672,545	43,570,351
Payments / adjustments against advance tax	(43,570,351)	(31,653,468)
	58,672,545	43,570,351

Income tax return up to and including tax year 2018 has been filed to the tax authorities under the provision of Income Tax Ordinance, 2001.

13 CONTINGENCIES AND COMMITMENTS**Contingencies**

13.01 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.865 million (2018: Rs. 53.865 million) on account of security deposits against the consumption of natural gas.

13.02 The company has challenged the recovery of Gas Infrastructure Development Cess-GIDC and filed petition in Lahore High Court challenging the vires and legality of the levy and demand of GIDC including the retrospective effect. The Court granted stay against charging of GIDC. Since, the issue is being faced by the industry at large, therefore management is of the view that there is no need to maintain any provision against the liability. The management is confident that decision of the case will be in its favor. Further, it is difficult to determine the best monetary estimate as the date of applicability of the said Act is in litigation.

13.03 Export bills discounted Rs. 61.71 million (2018 : Rs. 193.51 million)

13.04 Post dated cheques issued in the favour of Collector of Custom against import Rs. 55.025 million (2018 : Rs. 17.391 million)

Commitments

Commitments in respect of irrevocable letters of credit for the import of raw material and spare parts of machinery as at the balance sheet date amount to Rs. 16.627 million (2018 : Rs. 327.756 million).

14 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost			Rate %	Accumulated Depreciation			Book Value as at June 30, 2019
	As at July 01, 2018	Additions / Transfer from CWIP	Disposals		As at June 30, 2019	Disposals	For the year	
Owned								
Land - freehold	81,282,448	-	-	-	81,282,448	-	-	81,282,448
Buildings on freehold land	396,448,149	-	-	5-10	396,448,149	-	218,744,059	177,704,090
Plant and machinery	2,460,033,045	118,935,967	-	10	2,578,969,012	-	1,511,175,471	1,067,793,541
Grid station and generators	54,472,537	-	-	10	54,472,537	-	21,493,167	32,979,370
Furniture and fixtures	18,157,290	-	-	10	18,157,290	-	13,828,668	4,328,622
Vehicles	67,742,078	-	-	20	67,742,078	-	51,913,101	15,828,977
Equipment	24,233,205	165,500	-	10	24,398,705	-	17,075,747	7,322,958
Electric installations	67,730,323	-	-	10	67,730,323	-	53,954,372	13,775,951
Total 2019	3,170,099,075	119,101,467	-		3,289,200,542	-	1,888,184,585	1,401,015,957
Particulars	As at July 01, 2017	Additions	Disposals	Rate %	As at June 30, 2018	Disposals	For the year	As at June 30, 2018
Owned								
Land - freehold	81,282,448	-	-	-	81,282,448	-	-	81,282,448
Buildings on freehold land	395,973,433	474,716	-	5-10	396,448,149	-	11,913,528	207,598,713
Plant and machinery	2,459,166,045	867,000	-	10	2,460,033,045	-	117,798,777	1,399,139,298
Grid station and generators	54,472,537	-	-	10	54,472,537	-	4,071,527	17,828,793
Furniture and fixtures	18,069,290	88,000	-	10	18,157,290	-	524,620	13,347,710
Vehicles	76,878,906	-	(9,136,828)	20	67,742,078	(8,595,935)	5,010,902	47,955,857
Equipment	24,233,205	-	-	10	24,233,205	-	884,622	16,278,942
Electric installations	67,730,323	-	-	10	67,730,323	-	1,700,735	52,423,711
Total 2018	3,177,806,187	1,429,716	(9,136,828)		3,170,099,075	(8,595,935)	141,894,711	1,754,573,024

14.01 The depreciation charged for the year has been allocated as under:

	2019	2018
Cost of sales	126,930,983	134,799,975
Administrative expenses	6,680,578	7,094,736
	133,611,561	141,894,711

14.02 Disposal of property, plant and equipment

None of the asset disposed off having book value upto and greater than Rs. 500,000/-.

14.03 Land - freehold and building on freehold land

Particulars	Area	Location
Head office	02 Kanal 15 Marlas and 125 Square feet only/-	B-C, E-III, Gulberg III, Lahore
Factory	641 Kanal and 16 Marlas only/-	46-km, Multan Road, Bhaiphero, Kasur

15 CAPITAL WORK IN PROGRESS

Plant and machinery

15.01 Opening balance

Additions made during the year

Transferred to Plant and Machinery

NOTE	2019	2018
	Rupees	
15.01	-	90,830,496
	-	90,830,496
	90,830,496	1,134,100
	28,105,471	89,696,396
	118,935,967	90,830,496
	(118,935,967)	-
	-	90,830,496

16 LONG TERM DEPOSITS

Lahore Electric Supply Company Limited - non interest bearing

Others - non interest bearing

	12,368,620	12,368,620
	643,074	643,074
	13,011,694	13,011,694

17 STORES, SPARES AND LOOSE TOOLS

Stores

Spares

Loose tools

17.01	61,357,117	48,271,188
17.01	66,791,323	63,483,151
	3,765,822	3,855,448
	131,914,262	115,609,787

17.01 No identifiable store and spare are held for specific capitalization.

18 STOCK IN TRADE

Raw material

Work in process

Finished goods

18.01	471,107,861	78,419,115
	99,490,144	80,455,586
	158,592,901	290,739,445
	729,190,906	449,614,146

18.01 This includes an amount of Rs. 368.579 million (2018: Rs. 40.505 million) approximately, which is pledged against short term finances.

19 TRADE DEBTS

Local debts

(Unsecured - considered good)

Foreign debts

(Secured - considered good)

	401,218,645	92,948,859
	18,492,639	33,603,091
	419,711,284	126,551,950

20 LOANS AND ADVANCES

Employees - considered good and non interest bearing

Suppliers - considered good and non interest bearing

Income tax deducted at source

Letters of credit

Security deposit

	550,820	348,000
	22,713,703	25,162,845
	65,056,384	65,384,854
	155,948,479	153,085,362
	300,000	300,000
	244,569,386	244,281,061

21 Tax refunds/ rebate due from the Government

Advance tax

Sales tax refund

Rebate Receivable

	70,993,643	81,045,228
	125,643,707	102,536,046
	-	22,900,265
	196,637,350	206,481,539

22 CASH AND BANK BALANCES

Cash in hand

Cash with banks in current accounts

	1,917,404	6,168,864
	4,866,321	24,281,542
	6,783,725	30,450,406

		2019	2018
		Rupees	
23 SALES - net			
Local:			
- Yarn		2,379,869,872	1,317,902,433
- Fabric		1,631,688,710	782,928,217
		4,011,558,582	2,100,830,650
Export:			
- Yarn		-	-
- Fabric		1,259,679,094	1,516,272,629
		1,259,679,094	1,516,272,629
Waste	23.01	134,837,750	148,797,253
Rebate on export		12,711,049	31,158,534
		5,418,786,475	3,797,059,066

23.01 These were net off from sales tax amounting to Rs. 1,042,729 (2018: 815,135).

24 COST OF GOODS SOLD

Raw materials consumed	24.01	3,597,046,171	2,459,552,883
Processing charges		14,917,311	8,775,874
Salaries, wages and other benefits	24.02	406,632,974	390,831,090
Fuel and power		581,656,079	504,560,097
Packing materials consumed		50,932,705	39,712,344
Sizing materials consumed		42,669,762	41,111,757
Stores and spares consumed		79,673,738	86,776,361
Repair and maintenance		14,013,489	9,776,353
Insurance		6,391,853	4,824,028
Depreciation	14.01	126,930,983	134,799,975
		4,920,865,065	3,680,720,762
Opening work in process		80,455,586	66,181,293
Closing work in process		(99,490,144)	(80,455,586)
		(19,034,558)	(14,274,293)
Cost of goods manufactured		4,901,830,507	3,666,446,469
Opening finished goods		290,739,445	195,695,001
Closing finished goods		(158,592,901)	(290,739,445)
		132,146,544	(95,044,444)
		5,033,977,051	3,571,402,025
24.01 Raw material consumed			
Opening stock		78,419,115	487,311,529
Purchases		3,983,573,265	2,042,322,073
Cotton cess		1,844,166	1,989,473
Cotton handling charges		4,317,486	6,348,923
		4,068,154,032	2,537,971,998
Closing stock		(471,107,861)	(78,419,115)
		3,597,046,171	2,459,552,883

24.02 Salaries, wages and benefits include Rs. 16.78 million (2018 : Rs. 17.67 million) on account of staff retirement benefits.

25 SELLING AND DISTRIBUTION

Salaries, wages and benefits	25.01	2,986,415	6,653,330
Export development surcharge		3,041,270	3,833,236
Commission to selling agents		26,925,194	25,265,514
Carriage and freight		42,748,728	59,960,565
Export expenses		10,226,606	9,148,406
		85,928,213	104,861,051

25.01 Salaries, wages and benefits include Rs 0.83 million (2018 : Rs. 0.88 million) on account of staff retirement benefits.

	NOTE	2019	2018
		Rupees	
26 ADMINISTRATIVE AND GENERAL			
Salaries, wages and other benefits	26.01	75,302,152	77,098,891
Traveling and conveyance		1,808,390	3,166,202
Repairs and maintenance		2,237,556	1,144,633
Rent, rates and taxes		480,396	474,569
Printing and stationery		2,377,617	2,390,942
Insurance		2,528,080	2,192,868
Fees and subscription		1,420,182	2,691,037
Telephone and Postage		3,337,945	3,259,279
Vehicle running and maintenance		10,240,377	8,700,902
Utilities		2,303,963	2,382,212
Books and periodicals		138,203	164,224
Entertainment		2,379,077	2,964,814
Miscellaneous expenses		3,837,270	1,274,315
Depreciation	14.01	6,680,578	7,094,736
		115,071,786	114,999,624

26.01 Salaries, wages and benefits include Rs. 10.34 million (2018 : Rs. 10.89 million) on account of staff retirement benefits.

27 OTHER OPERATING CHARGES

Auditors' remuneration			
- Statutory audit		1,000,000	1,000,000
- Half yearly review		95,000	95,000
- Certification charges		100,000	100,000
- Out of pocket		25,000	25,000
		1,220,000	1,220,000
Legal and professional charges		372,750	769,855
		1,592,750	1,989,855

28 OTHER OPERATING INCOME

Scrap sales		5,900,992	4,599,340
Gain on disposal of property, plant and equipment		-	391,932
Exchange gain		18,867,043	9,530,958
		24,768,035	14,522,230

29 FINANCE COST

Interest / mark up on:			
- Long term financing		17,151,963	23,755,017
- Short term borrowings		117,789,617	84,528,205
		134,941,580	108,283,222
Bank charges and commission		10,092,112	11,745,967
		145,033,692	120,029,189

30 TAXATION

Current tax:			
- For the year		58,672,545	43,570,351
- Prior year		370,942	116,048
		59,043,487	43,686,399
Deferred tax		54,351,874	29,815,775
		113,395,361	73,502,174

30.01 Numerical reconciliation between the average effective tax rate and the applicable tax rate is not given due to application of minimum tax and final tax for the calculation of provision of tax for the year.

	2019	2018
	Rupees	
31 EARNING PER SHARE - Basic and diluted		
Loss after taxation for the year	Rupees (51,444,343)	(175,202,622)
Outstanding weighted average ordinary shares	No. of shares 32,635,600	32,635,600
Loss per share - Basic and diluted	Rupees (1.58)	(5.37)

There is no diluted effect on earning per share of the company.

32 CHIEF EXECUTIVE'S DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors	6,300,000	6,300,000
Number of persons	2	2
Executives	7,230,000	7,230,000
Staff retirement benefit	602,500	602,500
Number of persons	4	4

32.01 No remuneration has been paid to chief executive of the Company.

32.02 No meeting fee has been paid to any director of the Company.

33 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at 30th June	1,813	1,970
Average number of employees during the year	1,892	1,839

34 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, related group companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Loan obtained from directors	254,000,000	385,507,254
Payment made during the year	75,500,000	32,457,254

There were no transactions with key management personnel other than undertaken as per terms of their employment.

35 PLANT CAPACITY AND PRODUCTION

Spinning

No. of spindles installed	51,072	51,072
No. of spindles worked	51,072	51,072
No. of shifts	3	3
Actual production of yarn converted into 20/S count based on three shifts per day	Kgs 18,772,220	16,370,476

Weaving

No. of looms installed	192	192
No. of looms worked	192	192
No. of shifts	3	3
Actual production converted to 40 picks based on three shifts per day	Sq. meters 54,682,813	58,514,432

35.01 It is difficult to calculate precisely the production capacity of weaving and spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, width of fabric woven, spindles / looms speed, twist, maintenance of machinery, power shutdown and raw materials used etc. It also varies according to the pattern of production adopted in any particular year.

36 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per balance sheet - at amortized cost

	2019	2018
	Rupees	
Long term deposits	13,011,694	13,011,694
Trade debts	419,711,284	126,551,950
Loans and advances - employees	550,820	348,000
Cash and bank balances	6,783,725	30,450,406
	440,057,523	170,362,050

Financial liabilities as per balance sheet - at amortized cost

Long term financing	211,800,028	206,250,028
Trade and other payables	193,358,843	250,139,518
Accrued interest/mark-up	27,597,559	11,185,365
Short term borrowings	1,255,862,680	983,332,739
	1,688,619,110	1,450,907,650

36.01 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2019, all financial assets and financial liabilities are carried at amortised cost

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (eg inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

37 FINANCIAL INSTRUMENTS

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risk on the import of raw material and stores and spares and export of goods mainly denominated in US dollars and on foreign currency debtors and loans. The company's exposure to foreign currency risk for US dollars is as follows:

	2019	2018
	Rupees	
Foreign trade debts	18,492,639	33,603,091
Outstanding letter of credit	(16,627,073)	(327,755,500)
Net exposure	<u>1,865,566</u>	<u>(294,152,409)</u>

The following significant exchange rates have been applied at the reporting dates:

USD to PKR	<u>160.05</u>	<u>121.56</u>
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The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 613,558 (2018: 14,707,620) mainly as a result of foreign exchange losses / gains on translation of foreign debts and outstanding foreign payments.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of interest rate exposure arises from short term and long term borrowings from banks.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

	2019	2018	2019	2018
	Percentage		Rupees	
Long term financing				
- Variable rate instrument	8.29 to 14.28	7.4 to 7.77	211,800,028	206,250,028
Short term borrowings	8.88 to 14.65	7.51 to 8.36	<u>1,255,862,680</u>	<u>983,332,739</u>
			<u>1,467,662,708</u>	<u>1,189,582,767</u>

Fair value sensitivity analysis for fixed rate instruments:

The company does not have any fixed rate financial assets and liabilities.

Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have decreased / increased loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is prepared assuming the amount of liabilities outstanding at balance sheet date were outstanding for the whole year.

	Effect on Profit before tax 1% rate	
	Increase	Decrease
As at June 30, 2019		
Cash flow sensitivity - variable rate financial liabilities	<u>14,676,627</u>	<u>(14,676,627)</u>
As at June 30, 2018		
Cash flow sensitivity - variable rate financial liabilities	<u>11,895,828</u>	<u>(11,895,828)</u>

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as there is no investment in listed securities.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 440,057,523 (2018: Rs. 170,362,051), the financial assets exposed to credit risk amount to Rs. 438,140,119 (2018: Rs. 164,193,186).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2019 /2018:

	2019	2018
	Rupees	
The breakup of amount due from various trade debts were:		
Yarn	114,977,352	27,573,904
Fabric	304,069,076	96,560,207
Others	664,856	2,417,839
	<u>419,711,284</u>	<u>126,551,950</u>

The aging of trade debts at the reporting date was:

Less than 12 months	415,718,531	113,308,848
More than 12 months	3,992,753	13,243,102
	<u>419,711,284</u>	<u>126,551,950</u>

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as under:

Long term deposits	13,011,694	13,011,694
Trade debts	419,711,284	126,551,950
Loans and advances	550,820	348,000
Cash and bank balances	6,783,725	30,450,406
	<u>440,057,523</u>	<u>170,362,050</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Short Term	Long Term
United Bank Limited	JCR-VIS	A-1+	AAA
National Bank of Pakistan	JCR-VIS	A-1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the businesses the Company maintains flexibility in funding by maintaining committed credit lines available.

The table shows analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

2019 (Rupees)

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
Financial Liabilities					
Long term financing (from banking companies)	211,800,028	257,359,148	57,442,950	48,998,733	150,917,466
Trade and other payables	223,854,895	223,854,895	223,854,895	-	-
Unclaimed dividend	4,985,265	4,985,265	4,985,265	-	-
Accrued interest / mark up	27,597,559	27,597,559	27,597,559	-	-
Short term borrowings	1,255,862,680	1,255,862,680	1,255,862,680	-	-
	<u>1,724,100,427</u>	<u>1,769,659,547</u>	<u>1,569,743,349</u>	<u>48,998,733</u>	<u>150,917,466</u>
2018 (Rupees)					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years

Financial Liabilities

Long term financing (from banking companies)	206,250,028	224,597,265	83,309,863	79,856,090	61,431,312
Trade and other payables	274,989,418	274,989,418	274,989,418	-	-
Unclaimed dividend	4,997,635	4,997,635	4,997,635	-	-
Accrued interest / mark up	11,185,365	11,185,365	11,185,365	-	-
Short term borrowings	983,332,739	983,332,739	983,332,739	-	-
	<u>1,480,755,185</u>	<u>1,499,102,422</u>	<u>1,357,815,020</u>	<u>79,856,090</u>	<u>61,431,312</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at 30 June, 2019 / 2018. The rates of mark-up have been disclosed in note 07 and 11 to these financial statements.

38 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to Company's approach to capital management during the year. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios at June 30, 2019 and June 30, 2018 comes out to be:

	2019	2018
Total debt	1,467,662,708	1,189,582,767
Less: Cash and bank balances	6,783,725	30,450,406
Net debt	<u>1,460,878,983</u>	<u>1,159,132,361</u>
Total equity	1,190,619,874	1,056,158,668
Capital employed	<u>2,651,498,857</u>	<u>2,215,291,029</u>
Gearing ratio	0.55	0.52

39 INFORMATION ABOUT REPORTING SEGMENT

39.01 The following table presents revenue and profit information regarding the Company's operating segments for the year ended June 30, 2019 and 2018 respectively.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
2019 (Rupees)				
Sales	3,261,115,444	2,938,843,935	(781,172,904)	5,418,786,475
Cost of Sales:	(3,058,709,609)	(2,756,440,346)	781,172,904	(5,033,977,051)
Gross profit	202,405,835	182,403,589	-	384,809,424
Selling and distribution costs	(45,197,364)	(40,730,849)	-	(85,928,213)
Administrative and general expenses	(60,526,587)	(54,545,199)	-	(115,071,786)
Loss before taxation and un allocated expenses	96,681,884	87,127,541	-	183,809,425
Un-allocated expenses:				
Other operating expenses				(1,592,750)
Other operating income				24,768,035
Finance cost				(145,033,692)
Loss before taxation				61,951,018
Taxation				(113,395,361)
Net Loss for the year				(51,444,343)

	2018 (Rupees)			
Sales	2,514,977,023	2,349,920,146	(1,067,838,103)	3,797,059,066
Cost of Sales:	(2,447,433,879)	(2,191,806,249)	1,067,838,103	(3,571,402,025)
Gross profit	67,543,144	158,113,897	-	225,657,041
Selling and distribution costs	(10,459,409)	(94,401,642)	-	(104,861,051)
Administrative and general expenses	(34,198,056)	(80,801,568)	-	(114,999,624)
Loss before taxation and un allocated expenses	22,885,679	(17,089,313)	-	5,796,366
Un-allocated expenses:				
Other operating expenses				(1,989,855)
Other operating income				14,522,230
Finance cost				(120,029,189)
Loss before taxation				(101,700,448)
Taxation				(73,502,174)
Net Loss for the year				(175,202,622)

39.02 All non current assets of the Company as at 30 June 2019 /2018 are located in Pakistan.

39.03 One of the customers of the Company accounts for more than 10% of gross sales of the Company for the year.

40 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on September 30, 2019.

41 GENERAL

41.01 Figures have been rounded off to the nearest of rupees;

41.02 Corresponding figure have been rearranged / reclassified whenever necessary, to facilitate comparison.

PROXY FORM
(30th ANNUAL GENERAL MEETING)

I/We _____ son/daughter/wife
of _____ of _____ being member (s)
of GHAZI FABRICS INTERNATIONAL LIMITED, holder of _____
ordinary shares of the Company, under Folio No. / Participant's ID/CDC sub account No. _____
hereby appoint _____ of _____ failing him/her _____
of _____ who is/are member(s) of GHAZI FABRICS INTERNATIONAL LIMITED
under Folio No. / Participant's ID/CDC sub-account No. _____ respectively, as my/our proxy
in my/our absence to attend and vote for me/us and on my/our behalf at the 30th Annual General
Meeting of the Company to be held on October 28, 2019 and/or any adjournment thereof.

As witness my/our hand this _____ day of October, 2019

Signed in the presence of.

Witness _____

Name _____

Occupation _____

Address _____

Signature of
shareholder (s) on
revenue stamp
worth Rupees 5/-

The signature should agree with the
specimen registered with the Company.

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, at 8-C, E-III Gulberg III, Lahore not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she is a member of the Company, except that a Corporation/Company may appoint a person who is not a member.

میں / ہم

ساکن

تکمیل رکن غازی فیہرس انٹرنیشنل لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹر فوئیو نمبر (بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ)

ہولڈر اکاؤنٹ نمبر _____ پارٹیشن آئی ڈی نمبر _____

بذریعہ ہذا

محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر _____ یا (اسکی غیر موجودگی) میں محترم / محترمہ _____

ساکن _____ جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فوئیو نمبر _____ کو مورخہ 28 اکتوبر 2019ء (ہفتہ) کو منعقد

ہونے والے کمپنی کے 30 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے کے لئے اپنا ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

بطور گواہ میرے دستخط _____ آج بروز _____ بتاریخ _____ 2019ء

نام _____

پیشہ _____

پتہ _____

نوٹ:

پانچ روپے کارسیدی
ٹکٹ چسپاں کریں

۱۔ پراکسیاں تب تک موثر ہو سکتی ہیں جب کمپنی کے رجسٹرڈ دفتر میں دستخط شدہ اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جائیں۔
۲۔ کوئی بھی شخص اس وقت تک پراکسی کے طور پر کام نہیں کر سکتا جب تک وہ کمپنی کا ممبر نہ ہو۔ ماسوائے کمپنی کے جو کسی دوسرے دوسرے شخص کو پراکسی مقرر کر سکتی ہے۔



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